



PHILADELPHIA
REGIONAL OFFICE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
ONE PENN CENTER, 1617 JOHN F. KENNEDY BLVD., SUITE 520
PHILADELPHIA, PA 19103-1844

April 10, 2023

Via ECF

The Honorable Denise Cote
United States District Judge
Southern District of New York
500 Pearl Street, Room 1910
New York, NY 10007

Re: Securities and Exchange Commission v. Blakstad, et al., Case No.
20cv163 (DLC) (SDA) (S.D.N.Y.)

Dear Judge Cote:

Plaintiff Securities and Exchange Commission (the “Commission”), joined by defendant Donald G. Blakstad (“Blakstad”), respectfully seeks approval of the parties’ proposed consent judgment (the “Proposed Judgment”). The Commission filed the Proposed Judgment and Blakstad’s consent to its entry earlier today. (Dkt. No. 104.) If entered, the Proposed Judgment would implement a settlement between the parties that fully resolves the Commission’s claims against Blakstad in this action.

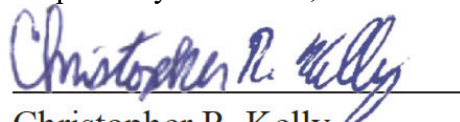
The Proposed Judgment is fair and reasonable and in the public interest. *See, e.g., SEC v. Citigroup Global Markets, Inc.*, 752 F.3d 285 (2d Cir. 2014) (setting out standard for reviewing proposed consent judgments in government enforcement actions). Among other things, the Proposed Judgment would:

1. permanently restrain and enjoin Blakstad from violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”), and Rule 10b-5 thereunder;
2. order Blakstad to pay:
 - a. disgorgement in the amount of \$669,000 in relation to the allegations concerning Midcontinental Petroleum, Inc., plus prejudgment interest thereon in the amount of \$49,350; provided, however, that this disgorgement obligation is deemed satisfied by the Order of Restitution (Doc. No. 170) requiring Defendant to pay restitution equal to this amount in *United States v. Blakstad*, Crim. No. 19-486-ER (S.D.N.Y), and this prejudgment interest obligation is deemed satisfied by the Order of Forfeiture (Doc. No. 179) requiring Defendant to pay forfeiture greater than this amount in *United States v. Blakstad*;

- b. disgorgement in the amount of \$108,683 in relation to the allegations concerning Energy Sources International Corporation, plus prejudgment interest thereon in the amount of \$9,488, jointly and severally with defendant Energy Sources International Corporation;
 - c. disgorgement in the amount of \$806,106 in relation to the allegations concerning Xact Holdings Corporation, plus prejudgment interest thereon in the amount of \$24,494; provided, however, that \$640,901 of this disgorgement and prejudgment interest obligation is deemed satisfied by the Order of Forfeiture (Doc. No. 179) requiring Defendant to pay forfeiture greater than this amount in *United States v. Blakstad*, resulting in \$189,699 remaining to be paid on this obligation; and
3. prohibit Blakstad from acting as an officer or director of any issuer pursuant to Section 21(d)(2) of the Exchange Act.

If the Court approves the Proposed Judgment, the Commission respectfully requests that the Court docket the executed Judgment with the consent attached.

Respectfully Submitted,


Christopher R. Kelly

cc: Eugene G. Iredale
Gregory C. Noschese
Jared P. Lenow